



## Senate

General Assembly

**File No. 922**

January Session, 2019

Substitute Senate Bill No. 1130

*Senate, May 20, 2019*

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING VARIOUS INITIATIVES AT THE UNIVERSITY OF CONNECTICUT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2019*) In addition to the object set  
2       forth in section 10a-102 of the general statutes for The University of  
3       Connecticut, said university and the president and Board of Trustees  
4       of said university shall seek to educate students in studies and  
5       disciplines designed to meet the present and projected future needs of  
6       the state's workforce and to promote the state's economic development  
7       by assisting in the establishment of new businesses in the state based  
8       on university-driven innovations and facilitating the transfer and  
9       accessibility of university-driven technology and patents to such new  
10      businesses.

11      Sec. 2. Section 10a-103 of the general statutes is repealed and the  
12      following is substituted in lieu thereof (*Effective July 1, 2019*):

13     (a) There shall continue to be a Board of Trustees for The University  
14 of Connecticut to consist of twenty-one persons, twelve to be  
15 appointed by the Governor, who shall reflect the state's geographic,  
16 racial and ethnic diversity and fulfill the qualifications set forth in  
17 subparagraph (B) of subdivision (1) of this subsection; two to be  
18 elected by the university alumni; two to be elected by the students  
19 enrolled at the institutions under the jurisdiction of said board; and  
20 five members ex officio.

21     (1) (A) On or before July 1, 1983, the Governor shall appoint  
22 members to the board as follows: Four members for a term of two  
23 years from said date; four members for a term of four years from said  
24 date; and four members for a term of six years from said date.  
25 Thereafter, the Governor shall appoint trustees of said university to  
26 succeed those appointees whose terms expire, and each trustee so  
27 appointed shall hold office for a period of six years from the first day  
28 of July in the year of his or her appointment, provided two of the  
29 trustees appointed for terms commencing July 1, 1995, and their  
30 successors shall be alumni of the university, one of the trustees  
31 appointed for a term commencing July 1, 1997, and his or her  
32 successors shall be such alumni and one of the members appointed for  
33 a term commencing July 1, 1999, and his or her successors shall be such  
34 alumni.

35     (B) At least two of the members appointed by the Governor for a  
36 term commencing on or after July 1, 2019, shall have experience  
37 recognized by said university as an entrepreneur or an investor in  
38 business ventures.

39     (2) The Commissioner of Agriculture, the Commissioner of  
40 Education, the Commissioner of Economic and Community  
41 Development and the chairperson of The University of Connecticut  
42 Health Center Board of Directors shall be, ex officio, members of the  
43 board of trustees. The Governor shall be, ex officio, president of said  
44 board.

45     (b) (1) The graduates of all of the schools and colleges of said

46 university shall, prior to September first in the odd-numbered years,  
47 elect one trustee, who shall be a graduate of the institution and who  
48 shall hold office for four years from the first day of September  
49 succeeding his or her election. Not less than two or more than four  
50 nominations for each such election shall be made by the alumni  
51 association of said university, provided no person who has served as  
52 an alumni trustee for the two full consecutive terms immediately prior  
53 to the term for which such election is to be held shall be nominated for  
54 any such election. Such election shall be conducted by mail prior to  
55 September first under the supervision of a canvassing board consisting  
56 of three members, one appointed by the board of trustees, one by the  
57 board of directors of the alumni association of the university and one  
58 by the president of the university. No ballot in such election shall be  
59 opened until the date by which ballots must be returned to the  
60 canvassing board. In such election, all graduates shall be entitled to  
61 vote by signed ballots which have been circulated to them by mail and  
62 which shall be returned by mail. Vacancies occurring by death or  
63 resignation of either of such alumni trustees shall be filled for the  
64 unexpired portion of the term by special election, if such unexpired  
65 term is for more than eighteen months. When the unexpired term is  
66 eighteen months or less, such vacancy shall be filled by appointment  
67 by the board of directors of said alumni association.

68     (2) On or before November 1, 1975, the students of The University of  
69 Connecticut shall, in such manner as the board of trustees of said  
70 university shall determine, elect two trustees, each of whom shall be  
71 enrolled as a full-time student of said university at the time of his or  
72 her election. One such member shall be elected for a term of one year  
73 from November 1, 1975, and one for a term of two years from said  
74 date. Prior to July first, annually, such students shall, in accordance  
75 with this section and in such manner as the board shall determine,  
76 elect one member of said board, who shall be so enrolled at said  
77 university at the time of his or her election and who shall serve for a  
78 term of two years from July first in the year of his or her election. The  
79 student member elected to fill the term expiring on June 30, 2003, and  
80 such elected member's successors, shall be enrolled as a full-time

81 undergraduate student at a school or college of the university and shall  
82 be elected by the undergraduate students of the schools and colleges of  
83 the university. The student member elected to fill the term expiring on  
84 June 30, 2004, and such elected member's successors, shall be enrolled  
85 as a full-time student in the School of Law, the School of Medicine, the  
86 School of Dentistry, the School of Social Work, or as a graduate student  
87 of a school or college of the university, and shall be elected by the  
88 students of the School of Law, the School of Medicine, the School of  
89 Dentistry, the School of Social Work and the graduate students of the  
90 schools and colleges of the university. Any student member elected  
91 after July 1, 2013, shall be enrolled as a full-time student at the time of  
92 his or her election and for the duration of his or her term of service.  
93 Any vacancies in the elected membership of said board shall, except as  
94 otherwise provided in this section, be filled by special election for the  
95 balance of the unexpired term.

96 Sec. 3. Section 10a-104 of the general statutes is repealed and the  
97 following is substituted in lieu thereof (*Effective July 1, 2019*):

98 (a) The Board of Trustees of The University of Connecticut shall: (1)  
99 Make rules for the government of the university and shall determine  
100 the general policies of the university, including those concerning the  
101 admission of students and the establishment of schools, colleges,  
102 divisions and departments, which policies shall be consistent with the  
103 goals identified in section 10a-11c, and shall direct the expenditure of  
104 the university's funds within the amounts available; (2) develop the  
105 mission statement for The University of Connecticut, and all campuses  
106 thereof, that shall be consistent with such goals and include, but not be  
107 limited to, the following elements: (A) The educational needs of and  
108 constituencies served by said university and campuses; (B) the degrees  
109 offered by said university; and (C) the role and scope of each  
110 institution and campus within the university system, which shall  
111 include each institution's and campus' particular strengths and  
112 specialties; (3) establish policies for the university system and for the  
113 individual institutions and campuses under its jurisdiction; (4) review  
114 and approve recommendations for the establishment of new academic

115 programs; (5) report all new programs and program changes to the  
116 Office of Higher Education; (6) make recommendations, when  
117 appropriate, regarding institutional or campus mergers or closures; (7)  
118 coordinate the programs and services of the institutions and campuses  
119 under its jurisdiction; (8) be authorized to enter into agreements,  
120 consistent with the provisions of section 5-141d, to save harmless and  
121 indemnify sponsors of research grants to The University of  
122 Connecticut, provided such an agreement is required to receive the  
123 grant and limits liability to damages or injury resulting from acts or  
124 omissions related to such research by employees of the university; (9)  
125 promote fund-raising to assist the university and report to the  
126 executive director of the Office of Higher Education and the joint  
127 standing committee of the General Assembly having cognizance of  
128 matters relating to education by January 1, 1994, and biennially  
129 thereafter, on such fund-raising; (10) charge the direct costs for a  
130 building project under its jurisdiction to the bond fund account for  
131 such project, provided (A) such costs are charged in accordance with a  
132 procedure approved by the Treasurer and (B) nothing in this  
133 subdivision shall permit the charging of working capital costs, as  
134 defined in the applicable provisions of the Internal Revenue Code of  
135 1986, or any subsequent corresponding internal revenue code of the  
136 United States, as from time to time amended, or costs originally paid  
137 from sources other than the bond fund account; (11) exercise the  
138 powers delegated to it pursuant to section 10a-109d; and (12) establish  
139 by October 1, 1997, policies governing the acceptance of gifts made by  
140 a foundation established pursuant to sections 4-37e and 4-37f to the  
141 university or its employees for reimbursement of expenditures or  
142 payment of expenditures on behalf of the university or its employees.

143 (b) The board of trustees shall: (1) Review and approve institutional  
144 budget requests and prepare and submit to the Secretary of the Office  
145 of Policy and Management the budget request for the university and  
146 all campuses thereof; (2) propose facility planning and capital  
147 expenditure budget priorities for the institutions under its jurisdiction;  
148 (3) fulfill requirements concerning the auditing and review of projects  
149 of UCONN 2000 in accordance with sections 10a-109z to 10a-109bb,

150 inclusive; (4) establish the construction assurance office in accordance  
151 with section 10a-109cc; and (5) exercise the powers delegated to it in  
152 section 10a-109d. The board may request authority from the Treasurer  
153 to issue payment for claims against the university, other than a  
154 payment for payroll, debt service payable on state bonds to  
155 bondholders, paying agents, or trustees, or any payment the source of  
156 which includes the proceeds of a state bond issue.

157 (c) The board of trustees may create a board of directors for the  
158 governance of The University of Connecticut Health Center and may  
159 delegate such duties and authority as it deems necessary and  
160 appropriate to said board of directors. The board of directors shall  
161 include members of the board of trustees designated by the  
162 chairperson of the board of trustees and such other persons as the  
163 board of trustees deems appropriate.

164 (d) There is established a standing subcommittee of the board of  
165 trustees responsible for addressing entrepreneurial issues. Members of  
166 the subcommittee shall include, at a minimum, the two board  
167 members appointed with entrepreneurial experience described in  
168 subparagraph (B) of subdivision (1) of subsection (a) of section 10a-103,  
169 as amended by this act, and shall not include more than seven board  
170 members. The subcommittee shall be responsible for drafting all initial  
171 resolutions for the fulfillment of the board of trustees' responsibilities  
172 relating to entrepreneurship at the university. Subcommittee members  
173 shall appear annually before the joint standing committees of the  
174 General Assembly having cognizance of matters relating to higher  
175 education, commerce and finance, revenue and bonding to report on  
176 the subcommittee's activities and the university's related performance.

177 Sec. 4. Section 10a-108 of the general statutes is repealed and the  
178 following is substituted in lieu thereof (*Effective July 1, 2019*):

179 (a) The board of trustees shall appoint a president of the university.  
180 Said president shall be the chief executive and administrative officer of  
181 the university and of the board of trustees. Said president shall carry  
182 out the policies and enforce the rules adopted by the board of trustees

183 and shall have the authority necessary therefor. The board of trustees  
184 may employ the faculty and other personnel needed to operate and  
185 maintain the institutions under its jurisdiction. Within the limitation of  
186 appropriations, the board of trustees shall fix the compensation of such  
187 personnel, establish terms and conditions of employment and  
188 prescribe their duties and qualifications. Said board shall determine  
189 who constitutes its professional staff and establish compensation and  
190 classification schedules for its professional staff. The board shall  
191 annually submit to the Commissioner of Administrative Services a list  
192 of the positions which it has included within the professional staff.

193 (b) The president of The University of Connecticut, in consultation  
194 with the board of trustees, shall establish the position of Vice President  
195 for Innovation and Entrepreneurship at The University of Connecticut.  
196 The vice president shall report directly to the president. The vice  
197 president's duties shall include, but need not be limited to, assisting  
198 the president in the implementation of all of the president's duties and  
199 responsibilities relating to entrepreneurship and investment at the  
200 university. The president shall not hire any person as vice president  
201 under this section unless such person demonstrates recent experience  
202 in the development or growing of an entrepreneurial culture at The  
203 University of Connecticut or another institution of higher education.

204 Sec. 5. Section 10a-104c of the general statutes is repealed and the  
205 following is substituted in lieu thereof (*Effective July 1, 2019*):

206 (a) The Board of Trustees of The University of Connecticut shall  
207 develop, continuously maintain and revise from time to time a  
208 program to facilitate the recruitment of eminent faculty and their  
209 research staffs to the university. Such program shall support economic  
210 development in the state through commercialization of faculty  
211 research and promote core [competency areas] sectors of the state  
212 economy by accelerating the pace of applied research and  
213 development. Such program shall supplement the compensation of  
214 such faculty and related costs of personnel and materials needed to  
215 secure such faculty for the university. Eligibility shall be limited to

216 scientists who have demonstrated excellence in their field of research  
217 and have an interest in working collaboratively with other scientists at  
218 the university and [an] a demonstrated interest in past and future  
219 commercialization of their research.

220 [(b) No funds shall be expended under this section until the  
221 president of The University of Connecticut certifies to the Secretary of  
222 the Office of Policy and Management that the university or the  
223 university's foundation established pursuant to sections 4-37e and 4-  
224 37f has received written commitments for financial support from  
225 industry or other sources of not less than two million dollars for  
226 purposes identified in subsection (a) of this section.]

227 (b) Not later than November 15, 2019, said board shall develop and  
228 implement a plan for the recruitment and hiring of faculty who have  
229 experience as entrepreneurs or in the commercialization of research.  
230 Such plan shall include related recruitment and hiring goals for each  
231 science, technology, engineering and math department of said  
232 university and shall set a goal of achieving the entrepreneurship ratio,  
233 established in the final report under section 8 of this act, not later than  
234 January 1, 2026.

235 Sec. 6. (NEW) (*Effective July 1, 2019*) (a) The Board of Trustees of The  
236 University of Connecticut and the president of The University of  
237 Connecticut shall conduct all business on behalf of The University of  
238 Connecticut in accordance with the objectives set forth in section 10a-  
239 102 of the general statutes and section 1 of this act.

240 (b) On and after July 1, 2019, the Board of Trustees of The University  
241 of Connecticut shall include, in all marketing and promotional  
242 materials for student recruitment, information that highlights the  
243 entrepreneurial activity of the university's students and faculty,  
244 including profiles of successful student or faculty-led ventures,  
245 entrepreneurial course offerings, services and programming for the  
246 support of entrepreneurial student efforts, and the existence of any  
247 entrepreneurial clubs or fraternities. The board shall utilize social  
248 media for such marketing and promotional efforts.



249 (c) The Board of Trustees of The University of Connecticut shall  
250 release for open, public use and freely license any and all patents held  
251 by the board that have not been utilized for commercialization or  
252 otherwise licensed for a period of ten years or more.

253 (d) The Board of Trustees of The University of Connecticut and the  
254 president of The University of Connecticut shall build and foster,  
255 through a series of activities, a culture of innovation and  
256 entrepreneurship among the students enrolled at each campus of The  
257 University of Connecticut, in accordance with the objectives of section  
258 1 of this act. Such activities shall include, but need not be limited to,  
259 organizing and hosting regular networking events for student and  
260 faculty entrepreneurs, and the support of relevant student clubs and  
261 organizations.

262 (e) The Board of Trustees of The University of Connecticut and the  
263 president of The University of Connecticut shall seek to build  
264 entrepreneurial relationships between The University of Connecticut  
265 and other public or independent institutions of higher education in the  
266 state that are engaged in entrepreneurial efforts, including, but not  
267 limited to, Yale University.

268 (f) Not later than January 1, 2021, the Board of Trustees of The  
269 University of Connecticut shall design and implement a mentorship  
270 initiative to cultivate a robust group of alumni and faculty of The  
271 University of Connecticut who have significant experience in  
272 entrepreneurship and other prominent entrepreneurs in the state, to  
273 mentor and advise students and other faculty of the university in the  
274 creation and growth of new business ventures. Such mentorship  
275 initiative shall be (1) developed in coordination with and integrated  
276 into any entrepreneur-in-residence or mentorship initiatives  
277 administered by CTNext, established pursuant to section 32-39f of the  
278 general statutes, (2) revised subject to, or developed in accordance  
279 with, recommendations contained in the final report approved by the  
280 board of trustees pursuant to section 8 of this act, and (3) modeled on  
281 comparable programs at the Massachusetts Institute of Technology.

282 The board of trustees shall make all reasonable efforts to engage and  
283 consult with the Massachusetts Institute of Technology to design such  
284 mentorship initiative, including making any payments for consulting  
285 fees that may be required.

286 Sec. 7. Section 10a-109oo of the general statutes is repealed and the  
287 following is substituted in lieu thereof (*Effective July 1, 2019*):

288 (a) The University of Connecticut shall develop a comprehensive  
289 plan to guide Next Generation Connecticut investments. The  
290 university shall develop such plan in consultation with: (1) An  
291 industry advisory board selected by the university that shall be  
292 representative of the state's science, technology, engineering and math-  
293 related industries and shall include, but not be limited to, chief science  
294 officers or chief technology officers from such industries; (2) an  
295 independent research and development advisory firm selected by the  
296 university; (3) university academic leaders; (4) federal and private  
297 funding agencies; and (5) research and innovation benchmarks  
298 identified by the university and an analysis of the university's progress  
299 in meeting such benchmarks in comparison to nationally ranked  
300 research universities. Such plan shall identify strategic growth areas  
301 for the research, innovation, workforce and economic development  
302 needs of Connecticut. The industry advisory board, independent  
303 research and development advisory firm and university academic  
304 leaders shall seek input from the chairpersons and ranking members of  
305 the joint standing committees of the General Assembly having  
306 cognizance of matters relating to finance, revenue and bonding,  
307 commerce and higher education prior to the completion of the plan.  
308 The Board of Trustees of The University of Connecticut shall review  
309 and approve such plan not later than July 1, 2014.

310 (b) Not later than thirty days after the date the final report under  
311 section 8 of this act is approved by the board of trustees, The  
312 University of Connecticut shall revise the comprehensive plan to  
313 include provisions for the construction or renovation of a facility on  
314 each campus of the university, not more than one-quarter mile from

315 the student union or student center of the campus, that is designed to  
316 meet the needs of student entrepreneurs and to serve as a gathering  
317 place for such students and other persons who support such student's  
318 ventures. Such facility shall not be adjoined to a dormitory and shall be  
319 designed and located conveniently to attract and encourage its use by  
320 student entrepreneurs and faculty affiliated with any and all schools  
321 and departments of the university, as well as their guests from outside  
322 the university.

323       Sec. 8. (*Effective July 1, 2019*) (a) (1) The University of Connecticut  
324 and the CTNext board of directors shall jointly approve the hiring of a  
325 consultant, to be paid from the operating expenses funds of The  
326 University of Connecticut or from UConn 2000 or Next Generation  
327 Connecticut funds, to conduct a study jointly with representatives of  
328 said university appointed by the president of said university. Such  
329 study shall review the technology transfer policies used at leading  
330 institutions of higher education renowned for innovation and  
331 entrepreneurship, including, but not limited to, Stanford University  
332 and the Massachusetts Institute of Technology. The president and the  
333 board of trustees of said university shall provide to such consultant  
334 any information requested by such consultant for the purposes of this  
335 section.

336       (2) The consultant and university representatives shall be advised  
337 and guided by an advisory panel of entrepreneurs and business  
338 leaders, appointed as follows: (A) Four members appointed by the  
339 board of trustees, and (B) three members appointed by the CTNext  
340 board of directors.

341       (b) The consultant and university representatives shall select those  
342 policies such consultant and representatives deem to be the best and  
343 develop recommendations for reforming the technology transfer  
344 policies of The University of Connecticut. Such study shall include (1)  
345 plans to maximize the number of new business ventures formed  
346 through the commercialization of faculty and student research, giving  
347 greater priority to the financial interests of such business ventures than

348 to the recoupment of patent-related or other royalties or profit for The  
349 University of Connecticut, (2) plans to focus The University of  
350 Connecticut's technology transfer policies on start-up business  
351 formation rather than patent licensing, (3) recommendations for  
352 staffing levels and staff organization to achieve such plans, and (4) any  
353 other recommendations requested by the board of trustees or the  
354 CTNext board of directors. Any remuneration paid to The University  
355 of Connecticut as a result of such new business ventures shall be used  
356 to encourage further formation or growth of other new business  
357 ventures.

358 (c) The consultant and university representatives shall conduct a  
359 review of (1) the current policies of The University of Connecticut for  
360 the fostering of faculty and student entrepreneurship, and (2) the  
361 proportion of the total activities of The University of Connecticut  
362 School of Business that is oriented toward the creation and support of  
363 new business ventures.

364 (d) The consultant and university representatives shall prepare a  
365 report for submission to the CTNext board of directors and shall solicit  
366 input from the Higher Education Entrepreneurship Advisory  
367 Committee established pursuant to section 32-39t of the general  
368 statutes and, at not less than one meeting of the working group  
369 established pursuant to section 32-39s of the general statutes, from  
370 members of such working group. The report shall include:

371 (1) Recommendations for (A) the continuous improvement of the  
372 policies set forth under subdivision (1) of subsection (b) of this section,  
373 taking into consideration the best practices of entrepreneurship at  
374 institutions studied under subsection (a) of this section, and (B)  
375 actionable measures to make the creation and support of new business  
376 ventures a primary consideration in all activities of, and for all degree  
377 programs offered at, The University of Connecticut School of Business;

378 (2) (A) Recommendations, if any, of changes to the recruitment and  
379 hiring plan and goals set forth in subsection (b) of section 10a-104c of  
380 the general statutes, as amended by this act, and (B) establishment of

381 an entrepreneurship ratio of faculty members who teach  
382 entrepreneurship to the overall student body, which matches that of  
383 leading universities;

384 (3) Consideration of all funds available to The University of  
385 Connecticut and legislative recommendations, if any, to changes in the  
386 funding levels of said university;

387 (4) Development of a comprehensive plan of metrics to be used for  
388 the tracking and analysis of said university's success in facilitating the  
389 creation of new business ventures based on faculty and student  
390 research. Such metrics shall (A) be identified in part through a review  
391 of similar metrics tracked by leading institutions of higher education  
392 renowned for innovation and entrepreneurship, including, but not  
393 limited to, Stanford University, the Massachusetts Institute of  
394 Technology, Princeton University and the University of Michigan, and  
395 (B) include methods to track the economic impact of entrepreneurs  
396 who are among the faculty and alumni of The University of  
397 Connecticut; and

398 (5) An analysis of comparative rankings made by qualified experts  
399 of institutions of higher education in the United States, with respect to  
400 such institutions' success in innovation and entrepreneurship,  
401 including a ranking of The University of Connecticut, and  
402 identification of a ranking or a range of rankings said university shall  
403 seek to attain.

404 (e) Not later than January 1, 2020, the consultant and university  
405 representatives shall submit the report to the Board of Trustees of The  
406 University of Connecticut. Not later than January 31, 2020, the board of  
407 trustees shall either approve such report or request modifications to  
408 such report. The consultant and university representatives shall be  
409 provided thirty days after receiving a request for modifications to  
410 submit a revised draft report to the board of trustees. Upon final  
411 approval of the report, the board of trustees shall submit such report,  
412 in accordance with the provisions of section 11-4a of the general  
413 statutes, to the joint standing committees of the General Assembly

414 having cognizance of matters relating to higher education and finance,  
 415 revenue and bonding and to the CTNext board of directors. Each of  
 416 said committees shall raise a bill during the 2020 or 2021 regular  
 417 session to implement the legislative recommendations contained in  
 418 such report. The board of trustees may adopt a resolution to  
 419 implement the recommendations for said university that are contained  
 420 in such report.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019</i>	New section
Sec. 2	<i>July 1, 2019</i>	10a-103
Sec. 3	<i>July 1, 2019</i>	10a-104
Sec. 4	<i>July 1, 2019</i>	10a-108
Sec. 5	<i>July 1, 2019</i>	10a-104c
Sec. 6	<i>July 1, 2019</i>	New section
Sec. 7	<i>July 1, 2019</i>	10a-109oo
Sec. 8	<i>July 1, 2019</i>	New section

***Statement of Legislative Commissioners:***

In Section 3(d), "four" was changed to "two" for consistency; in Section 6(a), reference to section 10a-102 of the general statutes was added for accuracy; in Section 6(f), Subdivs. (2) and (3) were reordered for clarity; and in Section 8(e), the next to last sentence was redrafted for clarity.

***FIN***      *Joint Favorable Subst. -LCO*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
UConn	Various - Cost	At least 1.5 million to 4.2 million	At least 873,600
UConn	Various - Revenue Loss	50,000	50,000

Note: Various=Various

### **Municipal Impact:** None

### **Explanation**

The bill, which requires the University of Connecticut (UConn) to take several actions regarding entrepreneurship and innovation, is estimated to result in: (1) a total cost of at least \$1.5 million to \$4.2 million in FY 20, and at least \$873,600 in FY 21 and annually thereafter; and (2) an annual revenue loss to UConn of \$50,000. This estimate does not include the costs described in Section 5, which will vary (see below).

The bill also results in the redistribution of Next Gen UConn bonding funds (see below).

**Section 4** results in total costs of up to \$859,000 in FY 20 and \$873,600 in FY 21, and annually thereafter, as it requires one new UConn vice president position to be established. It is anticipated the position will require two support staff, including one at the analyst level. The estimated costs for the three positions are: (1) \$410,300 in salary in FY 20 and \$417,700 in FY 21, composed of the Vice President

for Innovation and Entrepreneurship at the average UConn vice president salary of \$275,300, an Analyst salary of \$80,000 in FY 20 and \$84,400 in FY 21, and an Administrative Assistant salary of \$55,000 in FY 20 and \$58,000 in FY 21; (2) up to \$398,700 in fringe benefits in FY 20 and \$405,900 in FY 21;<sup>1</sup> and (3) \$50,000 in equipment and miscellaneous expenses annually. Funding may come from state General Funds and the Office of the State Comptroller, or from UConn's own funds (e.g., operating funds from tuition revenue).

**Section 5** results in additional total costs annually anticipated to average \$103,900 per faculty member hired with entrepreneurship or research commercialization experience, instead of a typical eminent faculty member. For every such faculty hire, the additional cost is approximately: (1) an additional \$52,700 in salary; and (2) \$51,200 in fringe benefits. As above, funding may come from state General Funds and the Office of the State Comptroller, or from UConn's own funds. The extent of the additional costs will depend on the faculty recruitment plan and its implementation.

**Section 6** results in: (1) an anticipated cost of \$300,000 in FY 20 for consultant work in developing and designing new student recruitment materials emphasizing entrepreneurship; and (2) annual revenue loss totaling approximately \$50,000 due to the provisions regarding patent release. The patent revenue loss estimate is based on the approximate annual revenue UConn realizes from patents held beyond ten years. It is anticipated the mentorship initiative required by Section 6 will be formulated by the vice president and assisting staff associated with Section 4 of the bill.

**Section 7** results in redistribution of Next Gen UConn bonding funds, associated with: (1) revising Next Gen plans, and (2)

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<sup>1</sup> The fringe benefit costs for employees funded out of non-appropriated funds are charged to those funding sources, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for non-appropriated fund employees is 97.18% of payroll in FY 20 and FY 21. The fringe benefit impact reflects an upper limit as the funding source for additional personnel is unspecified.



constructing or renovating dedicated student entrepreneurship space, with certain requirements, at each of the four UConn regional campuses; such space already exists at the Storrs campus. It is anticipated that the entrepreneurship space component of the redistribution could total \$5 million. As the bill requires redistribution of bonding funds, no additional bonding is authorized.

**Section 8** results in a cost of between \$300,000 and \$3 million in FY 20 for the required consultant whose report is due January 1, 2020. Consultant reports completed for and with large universities have been within this range. The consultant cost will reflect the required report's breadth and turnaround time, and be determined by the proposal or bid that is selected by UConn and CTNext.

The other provisions of the bill are not anticipated to result in a fiscal impact to UConn or the state.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 1130*****AN ACT CONCERNING VARIOUS INITIATIVES AT THE UNIVERSITY OF CONNECTICUT.*****SUMMARY**

This bill makes various changes to UConn's statutory objectives, governance, faculty, staff, and responsibilities, principally related to entrepreneurship and economic development. Among other things, it:

1. establishes an additional objective that UConn must pursue in addition to its existing statutory objectives (§§ 1 & 6);
2. requires at least two members of the UConn Board of Trustees (BoT) to have entrepreneurship or business venture investment experience (§§ 2 & 3);
3. establishes the new Vice President for Innovation and Entrepreneurship position (§ 4);
4. requires the BoT to develop a plan to recruit faculty with experience in entrepreneurship or commercializing research (§ 5);
5. requires the BoT to establish various entrepreneurship-related initiatives, including a mentorship program, and foster an entrepreneurial culture (§ 6);
6. requires the BoT to modify the UConn Next Generation plan (see BACKGROUND) to provide for the construction or renovation of campus facilities to create a gathering place for student entrepreneurs (§ 7); and
7. requires the BoT, jointly with the CTNext board, to hire a

consultant to study UConn tech transfer and entrepreneurship and incorporate the report's recommendations into various UConn policies and initiatives (§ 8).

EFFECTIVE DATE: July 1, 2019

## **§§ 1 & 6 — STATUTORY OBJECTIVE**

The bill requires UConn's president and BoT to seek to educate students in studies and disciplines designed to meet the state workforce's present and projected future needs and promote the state's economic development by (1) assisting in new business establishment in the state based on university-driven innovations and (2) facilitating the transfer and accessibility of university-driven technology and patents to such new businesses. The president and BoT must pursue this objective in addition to its current statutory objectives and conduct university business according to it.

Under existing law, UConn's leading statutory objective is to teach subjects related to agriculture and the mechanic arts, including military tactics, to promote the liberal and practical education of the industrial classes, without excluding scientific and classical studies.

## **§§ 2 & 3 — BOARD OF TRUSTEES**

### ***Appointee Experience (§ 2)***

By law, the BoT consists of 21 members, 12 of whom are appointed by the governor to staggered six-year terms; he must appoint four members by July 1 in each odd-numbered year. The bill requires at least two board members appointed by the governor on or after July 1, 2019, to have entrepreneurship or business venture investment experience recognized by the university.

### ***Entrepreneurship Subcommittee (§ 3)***

The bill establishes a standing BoT subcommittee to address entrepreneurial issues and draft all initial resolutions for the board's entrepreneurship-related responsibilities. The subcommittee may have up to seven members and must include the two members with

entrepreneurial experience described above. Subcommittee members must annually appear before the Commerce, Higher Education, and Finance, Revenue and Bonding committees to report on the subcommittee's activities and UConn's related performance.

#### **§ 4 — VICE PRESIDENT FOR INNOVATION AND ENTREPRENEURSHIP**

The bill requires UConn's president, in consultation with the BoT, to create a new position of Vice President for Innovation and Entrepreneurship at UConn. The vice president must report directly to the president and, among other things, help the president implement her entrepreneurship- and investment-related responsibilities. The bill requires the president to hire an individual for the position who demonstrates recent experience in developing or growing an entrepreneurial culture at UConn or another higher education institution.

#### **§ 5 — FACULTY RECRUITMENT**

##### ***Changes to Current Faculty Recruitment Program***

Current law requires the BoT to develop a program to recruit eminent faculty and their research staff to UConn. The bill requires the board to continuously maintain and revise the program from time to time. (Presumably, the board is to continuously maintain the program and revise it periodically.)

As under current law, the program must support the state's economic development. But the bill requires the program to do this through the commercialization of faculty research. It also requires the program to promote the core sectors of Connecticut's economy, instead of core competency areas, as under current law. (The bill does not identify which sectors are considered core sectors of the Connecticut economy.)

By law, the recruitment program must supplement faculty compensation and related personnel and materials costs in order to secure the faculty for UConn. Current law limits eligibility for the

supplemental funding to scientists with demonstrated excellence in their research field and an interest in commercializing their research. The bill specifies that such scientists must have a demonstrated interest in both past and future commercialization of their research.

The bill also eliminates a provision requiring UConn's president, before spending program funds, to certify to the Office of Policy and Management secretary that UConn or its foundation received at least \$2 million in written financial support commitments for faculty recruitment purposes from industry or other sources.

### ***New Faculty Recruitment Plan***

By November 15, 2019, the bill requires the BoT to develop and implement a plan for recruiting and hiring faculty with experience as entrepreneurs or commercializing research. The plan must (1) include related recruitment and hiring goals for each of UConn's science, technology, engineering, and math departments and (2) set a goal of achieving the entrepreneurship ratio established in the report the bill requires, by January 1, 2026 (see § 8).

## **§ 6 — INNOVATION- AND ENTREPRENEURSHIP-RELATED INITIATIVES AND PROVISIONS**

### ***Marketing and Promotion***

Beginning July 1, 2019, the bill requires the BoT to include, in all student recruitment marketing and promotional materials, information highlighting entrepreneurial activity of UConn's faculty and students, including (1) profiles of successful student- or faculty-led ventures, (2) entrepreneurial course offerings, (3) programs and services supporting students' entrepreneurial efforts, and (4) any existing entrepreneurial clubs or fraternities.

It also requires the board to use social media for such marketing and promotional efforts.

### ***Patents***

The bill requires the BoT to freely license, and release for open, public use, all patents it holds that have not been used for

commercialization or licensed for at least 10 years.

### ***Entrepreneurial Culture and Relationships***

The bill requires UConn's president and BoT to build and foster a culture of innovation and entrepreneurship among enrolled students at each UConn campus, in accordance with the objective the bill establishes (see § 1). They must do so through a series of activities, including (1) organizing and hosting regular networking events for student and faculty entrepreneurs and (2) supporting relevant student clubs and organizations.

The BoT and president must also seek to build entrepreneurial relationships between UConn and other public or independent higher education institutions in Connecticut, including Yale University.

### ***Mentorship Initiative***

By January 1, 2021, the bill requires the BoT to design and implement a mentorship initiative to cultivate a robust group of (1) UConn faculty and alumni who have significant entrepreneurial experience and (2) other prominent Connecticut entrepreneurs, to mentor and advise UConn students and other faculty in creating and growing new business ventures.

The initiative must be:

1. developed in coordination with, and integrated into, any CTNext entrepreneur-in-residence or mentorship initiatives (see BACKGROUND);
2. developed or revised in accordance with any recommendations from the entrepreneurship and tech transfer report required by the bill (see § 8); and
3. modeled on comparable programs at the Massachusetts Institute of Technology (MIT).

In developing the initiative, the BoT must make all reasonable efforts to engage and consult with MIT, including paying any required

consulting fees.

## **§ 7 — NEXT GENERATION CONNECTICUT PLAN MODIFICATIONS**

The bill requires UConn to revise its initial plan for guiding the capital investments made with bonds authorized under the Next Generation Connecticut initiative (see BACKGROUND). It must do so within 30 days after the BoT approves the entrepreneurship and tech transfer report required by the bill (see §8).

The revised plan must provide for the construction or renovation of a facility on each UConn campus that is designed to meet student entrepreneurs' needs and serve as a gathering place for those students and others who support their ventures. Each facility (1) must be designed and located conveniently to attract and encourage its use by student entrepreneurs and UConn-affiliated faculty and their guests and (2) cannot be located more than one-quarter mile away from the campus' student union or student center or adjoined to a dormitory.

## **§ 8 — ENTREPRENEURSHIP AND TECH TRANSFER STUDY**

### ***Study Process***

The bill requires UConn and the CTNext board of directors (see BACKGROUND) to jointly approve the hiring of a consultant to study UConn's tech transfer policies and other entrepreneurship-related aspects. UConn must (1) pay the consultant using its operating funds or Next Generation Connecticut or UConn 2000 funds and (2) provide the consultant with any information requested to complete the study.

Under the bill, the study must be (1) conducted jointly with president-appointed university representatives and (2) advised by a seven-member panel of entrepreneurs and business leaders, with four members appointed by the BoT and three appointed by the CTNext board of directors.

### ***Study Scope***

***Tech Transfer.*** The study must review the tech transfer policies of universities renowned for innovation and entrepreneurship, including

Stanford University and MIT. The consultant and the designated UConn representatives must select the policies they deem best and develop recommendations for reforming UConn's tech transfer policies. The study must include:

1. plans to maximize the number of new business ventures formed by commercializing UConn faculty and student research, which must give greater priority to the venture's financial interests than to UConn making a profit or recouping its patent-related or other royalties;
2. plans to focus UConn's tech transfer policies on forming startup businesses rather than licensing patents;
3. recommendations for staffing levels and organization to achieve the plans; and
4. any other recommendations the BoT or CTNext board of directors requests.

The bill requires that any remuneration paid to UConn resulting from such new business ventures be used to encourage the further new business venture growth or formation. (It is unclear to which new business ventures the requirement applies.)

**Entrepreneurship.** The consultant and UConn representatives must also review (1) UConn's current policies for fostering faculty and student entrepreneurship and (2) the proportion of total UConn Business School activities that are oriented toward creating and supporting new business ventures.

### **Report**

The bill requires the consultant and UConn representatives to submit a report to the CTNext board. In preparing the report, they must solicit input from the Higher Education Entrepreneurship Advisory Committee. By law, this committee is within CTNext and composed of CT-Next-appointed students, higher education institution



representatives, and entrepreneurs (CGS §32-39t).

**Report Content.** Under the bill, the report must include:

1. recommendations for continuously improving UConn's policies for maximizing business venture formation, considering the entrepreneurship best practices of leading universities studied;
2. actionable measures to make creating and supporting new business ventures a primary consideration in all activities and degree programs offered at the UConn School of Business;
3. any recommendations for changing UConn's recruitment hiring plan required under the bill;
4. establishment of an entrepreneurship ratio of faculty members who teach entrepreneurship to the overall student body that matches that of leading universities;
5. a consideration of all UConn funds and any legislative recommendations for UConn funding changes;
6. an analysis of comparative rankings made by qualified experts of higher education institutions nationally on their success in entrepreneurship and innovation, including a ranking of UConn and the identification of one or more rankings the university must attain; and
7. the development of a comprehensive metrics plan for tracking and analyzing UConn's success in facilitating new business creation based on student and faculty research.

The metrics included in the report must (1) be identified in part through a review of similar metrics tracked by leading institutions renowned for innovation and entrepreneurship, including Stanford University, MIT, Princeton University, and the University of Michigan and (2) include methods to track the economic impact of UConn faculty and alumni who are entrepreneurs.

**Report Approval.** The bill requires the consultant and UConn representatives to submit the report to the BoT by January 1, 2020. The BoT must then either approve the report or request that it be modified by January 31, 2020. If the BoT requests modifications, the consultant and UConn representatives must be given 30 days after receiving the request to submit a revised draft to the BoT.

Upon the report's final approval, the BoT must submit it to the CTNext board of directors and the Higher Education and Finance, Revenue, and Bonding committees. The bill requires the committees to raise legislation during the 2020 or 2021 legislative session containing the report's legislative recommendations. (It is unclear whether this requirement is enforceable based on the principle of legislative entrenchment.) The bill also authorizes the BoT to adopt a resolution to implement the report's recommendations related to UConn.

## **BACKGROUND**

### ***Next Generation Connecticut***

PA 13-233 established the "Next Generation Connecticut" initiative and authorized \$1.551 billion in new bonds for a capital improvement program under the UConn 2000 infrastructure program. The initiative's purpose is to (1) develop preeminence in UConn's research and innovation programs, (2) hire and support outstanding faculty, (3) train and educate graduates to meet the state's future workforce needs, and (4) initiate collaborative partnerships that lead to scientific and technological breakthroughs.

### ***CTNext***

CTNext is a subsidiary of Connecticut Innovations, Inc. Its major purpose is to assist entrepreneurs and startup and growth-stage businesses by, among other things, (1) building entrepreneur communities, (2) serving as a catalyst to protect and enhance the state's innovation ecosystem, (3) connecting entrepreneurs and growth-stage businesses to government and private resources, (4) facilitating mentoring for entrepreneurs and young business ventures, and (5) facilitating innovation and entrepreneurship at higher education

institutions (CGS § 32-39f).

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 31 Nay 19 (05/01/2019)